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SPECIAL REPORT

Point-of-Sale Developments

Supermarkets

Convenience Stores

Gas Stations

Page 15

American Banker

The Daily Financial Services Newspaper

Monday, June 1, 1987 152nd Year

What Retailers Really Want From Banks

BANKERS AND RETAILERS have never been the best of friends. In fact, they have long been vigorous competitors for the same limited resource: consumers' disposable income. Bankers want deposits, retail merchants want to sell their wares.

Their antagonism prevented the banking industry from realizing one of its greatest ambitions: to build a comprehensive payment system linking all retail points of sale in a high-speed, electronic network.

Without retailers' cooperation — which came only grudgingly when they agreed to accept bank credit cards — fully electronic funds transfer (EFT) at the point of sale (POS) could never work.

Now there are signs that EFT at the POS is nearing the "critical mass" that eluded bankers for more than a decade.

Today's *American Banker* includes a special feature that assesses the banker-retailer relationship at a critical juncture in the evolution of payment systems.

Are the two industry groups finally putting their disagreements behind them in the interest of mutual efficiency?

Or are the antagonisms still there, except that they flare up in different places? If they do, will POS payment systems ever succeed?

Today's edition examines the state of the POS art as viewed from various retailing industry and banking perspectives and finds unanimity lacking.

Turn to page 15.

American Banker

The Daily Financial Services Newspaper

VOL. CLII NO. 105 | Monday, June 1, 1987 | 152nd Year

TODAY

FEATURE SECTION
American Banker

TECHNOLOGY REVIEW: Retailers are optimistic about point-of-sale services and technology, which almost everyone believes are on the verge of significant growth. See **Page 15.**

NEWSMONDAY

WEEKLY REVIEW AND OUTLOOK — Pull Out Section Starts on 11

PRIVATELY, some American Bankers Association lobbyists are edging toward the conclusion that the moratorium on new bank powers is a "necessary evil"..... 11

INSIGHT

FRANTIC LOBBYING is expected to go on behind the scenes these next few days as the House Banking Committee prepares to decide the future of financial legislation..... 12

An Insider's Guide To Capital Issues

CAPITAL PEOPLE: John R. Petty will head the Association of Bank Holding Companies... 12

A BILL PENDING in the House Banking Committee would curb abuses by credit repair clinics... 13

Index of the Week's Top Stories...46

People..... 45

THE REBOUNDING DOLLAR revived the Euromarket, as the upcoming summit and British elections swayed currencies... 2

THROUGHOUT A SHELLACKING at the annual meeting, the chairman of BankAmerica Corp. kept cool...3

CUSTOMER RELATIONS can make or break a bank, writes Dr. Paul S. Nadler..... 4

THE WORLD DEBT CRISIS will require more painful adjustments, writes H. Erich Heinemann..... 6

KEEPING CURRENT

Executive Changes..... 10

Global People..... 10

In the News..... 3

Memory Bank... 4

Quote

I offer no excuses for the performance of this corporation.

A.W. Clausen, BankAmerica Corp. chairman, to shareholders at the corporation's annual meeting [Page 3]

Unquote

Biggest Banks Dominate in Technology

Smaller Institutions May Not Close Gap

By JEFFREY KUTLER

NEW YORK — A few large bank holding companies have become so dominant in their acquisition and use of technology that the rest of the industry may never be able to catch up.

But it remains uncertain whether the major technology banks — the top 14 accounted for almost one-third of all commercial banks' systems expenditures in 1985 — can convert their current advantage into long-term competitive gains.

McKinsey & Co., the New York-based management consulting firm, sounded these warnings in a report currently circulating among its clients. The study was partially funded by Salomon Brothers, which itself has published some of the findings in a booklet, "Technology and Banking: The Implications of Strategic Expenditures."

The report portrayed an industry that is throwing money at technology, increasing annual budgets seven-fold between 1980 and 1990. But it said that individual institutions face "a difficult strategic choice" in deploying automated systems, and that "no single [technology strategy] will be appropriate for all lines of business."

The nation's biggest banking company, Citicorp, typifies the large banks' grab for technological preeminence. It is currently spending an estimated $850 million to $900 million per year on computers and related systems, almost twice the sum of its closest rival,

Biggest Banks: Page 52 ➡

High-Tech Banks: The Big Spenders

Rank		Annual Systems Expenditures ($ Mil., est)
1	Citicorp	$850-900
2	BankAmerica	$450-550
3	Chase Manhattan	$350-375
4	Manufacturers Hanover	$250-275
5	Chemical New York	$225-250
5	Security Pacific	$225-250
7	First Interstate	$200-225
8	First Chicago	$145-165
9	J.P. Morgan	$140-155
10	Mellon	$130-145
11	Wells Fargo	$120-135
12	Bankers Trust	$110-125
12	Bank of Boston	$110-125
12	Norwest	$110-125

Source: McKinsey & Co. study for Salomon Brothers

Third World Loan-to-Equity Switch Faces Federal Reserve Limitations

By JED HOROWITZ

NEW YORK — Banks wanting to swap their troubled Third World loans for equity investments in Third World companies are hitting a regulatory roadblock.

The Federal Reserve Board's Regulation K — which covers international banking operations — limits bank companies and their subsidiaries to 19.9% of the voting shares in nonfinancial companies, with a maximum investment in each company of $15 million. In addition, it restricts the banks to "passive investments," which, according to bank attorneys, appears to prohibit banks from placing directors on a company's board or otherwise influencing business policy.

"They're not prepared to swap their debt for millions of dollars of equity in a manufacturing company when they have no say in running the company," said a lawyer who represents a major bank seeking to trade its Brazilian debt for equity.

Meanwhile, Congress has been reacting to the problem.

On Thursday, Reps. Alex McMillan, R-N.C., and Tom Carper, D-Del., introduced a bill in the House that would allow bank companies to buy, through debt-for-equity swaps, 100% of the voting stock in nonfinancial companies based in heavily indebted nations. It would also raise the dollar investment limit from $15 million to either $50 million or 2% of a bank company's capital, whichever is smaller. The bill directs the Fed to maintain oversight in each swap.

The proposal would also extend the period of investment from the Fed's current two-to-five year limit to ten

Third World: Page 55 ➡

Thrift Conversions Could Be Hindered By Tax Reform Act

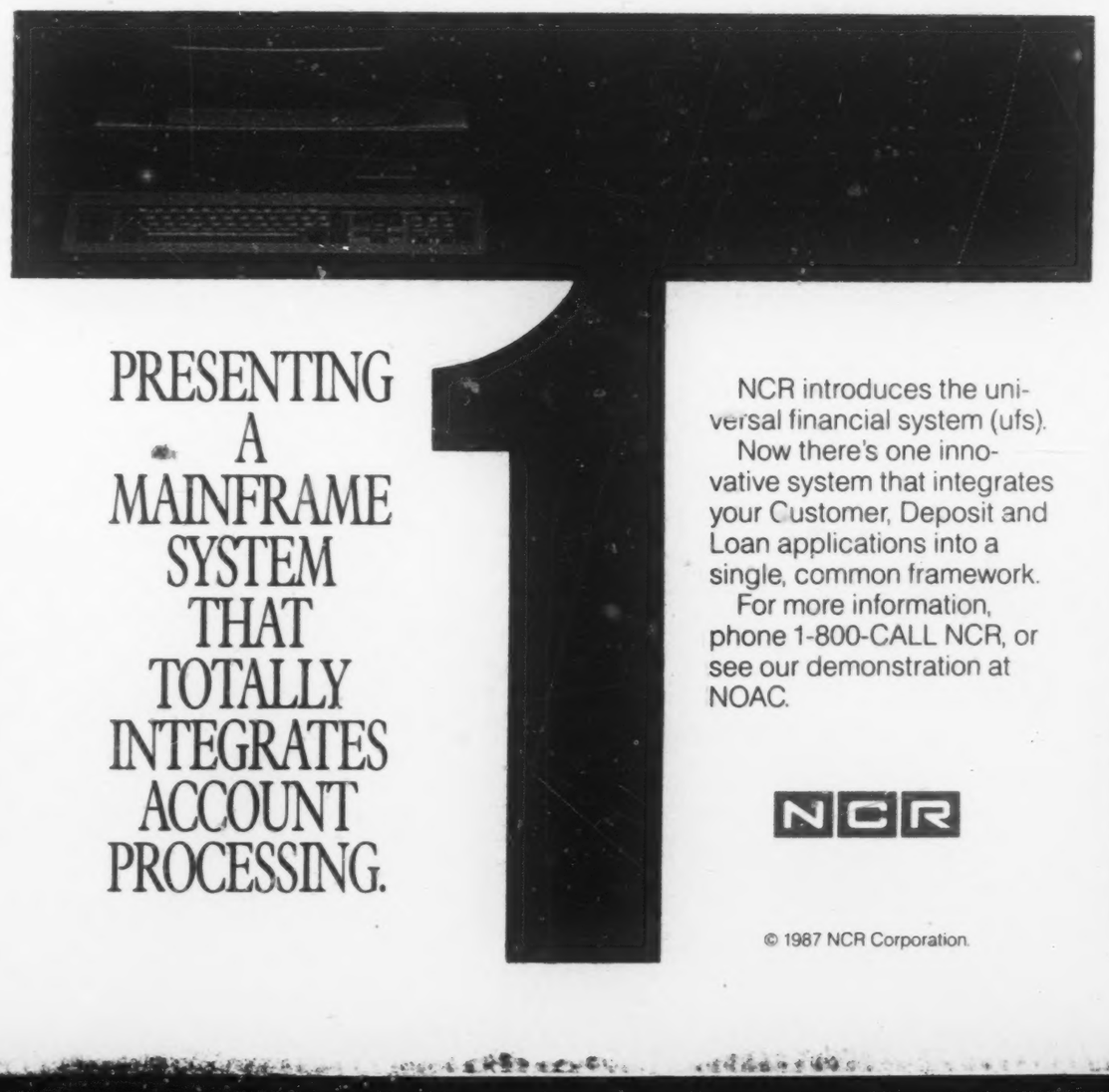
By MARK BASCH

NEW YORK — A technicality in the 1986 Tax Reform Act is throwing some thrift conversion plans up into the air, because the public stock offering could limit the use of the thrifts' net-operating-loss carryforwards.

"It raises a tremendous cloud as to what will become of the NOLs post-conversion," said Frederick Remeschatis, chief financial officer of First Federal Savings and Loan Association, Madison, Wis. First Federal is in the process of converting.

The new law states that if a change of ownership in a thrift institution occurs, the institution loses some of its net-operating-loss carryforwards, which are tax benefits that can be used because of

Tax: Page 47 ➡



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FEATURE SECTION

American Banker

PULL OUT AND SAVE

Retailers' expectations and views concerning point-of-sale services offered with banks are examined in this feature edition.

Cover photo: Andrea Brizzi
Equipment and location: Diebold Inc., D'Agostino Supermarkets Inc.

What Retailers Really Want From Banks

New Optimism At the Point of Sale

Merchants seize the initiative.

By Jeffrey Kutler

FOR YEARS, almost everyone in banking agreed that point-of-sale payment systems were a dubious proposition. Today, almost everyone agrees that this technology is at last on the verge of significant growth. Some foresee an outright explosion.

Are they right? What happened in the recent past to turn perceptions around so drastically?

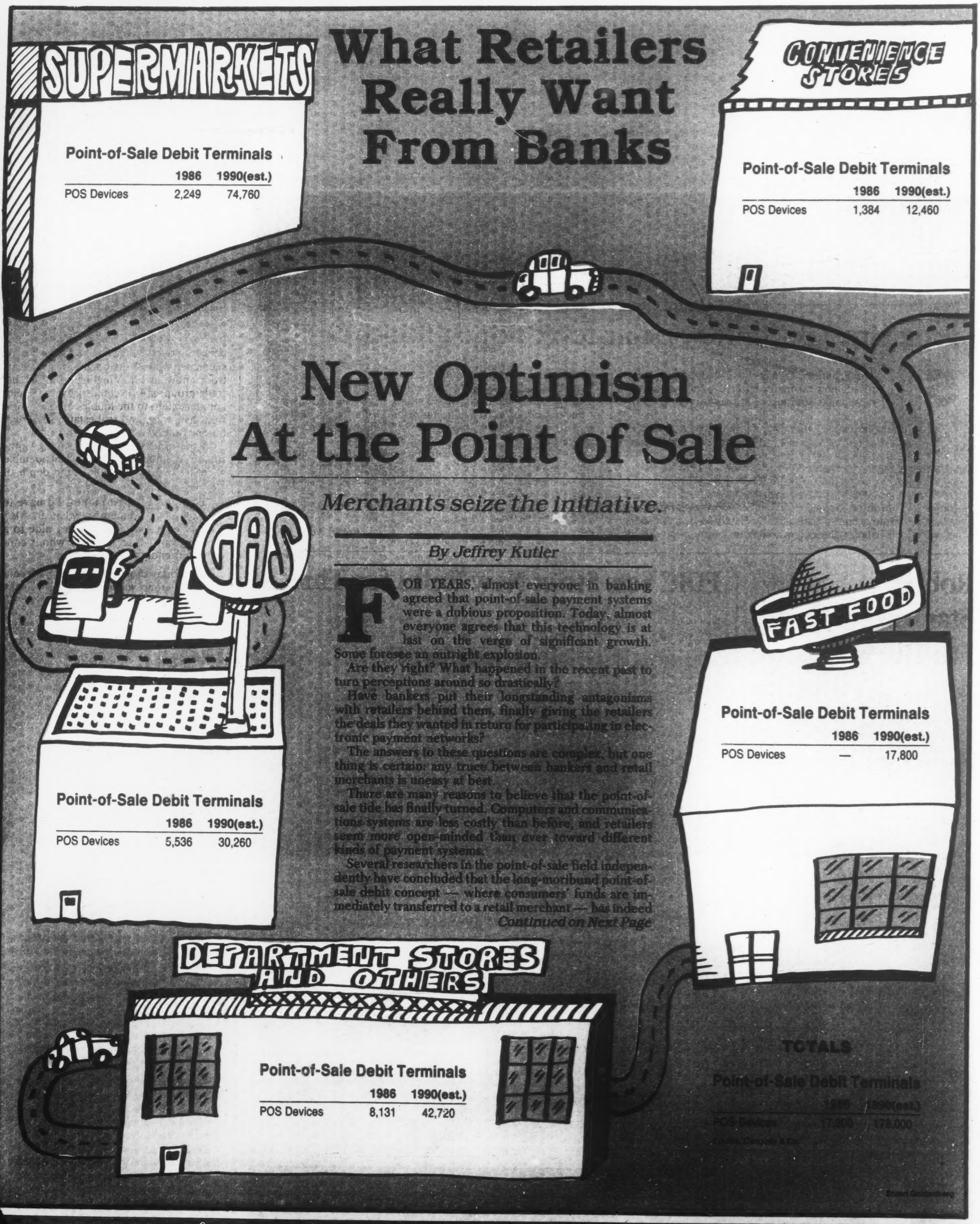
Have bankers put their longstanding antagonisms with retailers behind them, finally giving the retailers the deals they wanted in return for participating in electronic payment networks?

The answers to these questions are complex, but one thing is certain: any truce between bankers and retail merchants is uneasy at best.

There are many reasons to believe that the point-of-sale tide has finally turned. Computers and communications systems are less costly than before, and retailers seem more open-minded than ever toward different kinds of payment systems.

Several researchers in the point-of-sale field independently have concluded that the long-moribund point-of-sale debit concept — where consumers' funds are immediately transferred to a retail merchant — has indeed

Continued on Next Page



Continued from Previous Page

made a breakthrough.

Whether this gives bankers cause to rejoice, however, remains an open question.

The retailing industry may already have stolen the march from bankers who thought that no payment system could work without their help. Sears, Roebuck and Co., J.C. Penney Co., and others are continually shaking bankers from that historical complacency with competing payment systems of their own.

Recently publicized advances for point-of-sale payment systems, in the petroleum and fast-food industries, arose more from retailers' initiatives than from financial institutions'. Meanwhile, department store executives fume at every mention of debit cards, as they have for well over a decade.

The banking-retailing rivalry is not new in the United States. Bankers and retailers alike want access to consumers' disposable income, whether in the form of deposits or purchases. Bankers also want to profit from payment systems, notably the credit card infrastructure that they built over the past 20 years, much to the chagrin of retailers whom bankers ask to pay card-transaction fees.

Today, in the debit card era, this factional competition has taken on a different form. In this sense, the point-of-sale struggle may be far from over.

Retailers are quick to point out that they invented credit cards. It is the bankers who invaded *their* turf.

Sears was among the first stores, early in this century, to give its customers metal charge plates. The customers could use them to spread out their payments over time. Retail stores invented not just charge plates, which eventually came out in colorful plastic versions that made cardholders feel loyal to particular merchants, but the entire revolving consumer credit market.

It was not until the 1950s that innovative banks started muscling in on the credit card business. Early entrants, beginning with Franklin National Bank on New York's Long Island, served smaller merchants in local markets, mainly because larger retailers refused to let bank sales representatives in the door.

In the 1960s, Bank of America took its BankAmericard, which later evolved into Visa, nationwide. Other banks countered with Master Charge, now MasterCard. The two increasingly powerful ventures, now boasting almost 300 million cardholders worldwide between them, eventually persuaded many larger merchants to accept bank credit cards.

In 1979 J.C. Penney became the first of the major mass merchandise chains to take bank cards, first Visa and later MasterCard. Montgomery Ward & Co. Inc. quickly followed. K mart Corp. was already in the fold.

Sears made diversified payment plans of its own, built around the Discover card that it introduced in 1985. For Sears, accepting bank cards was less imperative than for J.C. Penney and others because most creditworthy bank customers also carry Sears credit cards.

Even such holdouts as Bloomingdale's, which had repelled bank card marketing efforts for many years, signed up last year after a "full-court press" orchestrated by both MasterCard and Visa. The bank card ventures still have about 20 retailers with an upscale image on their list to sign, but the banks' biggest credit card victories have already been won.

By the end of 1986, commercial banks controlled 64% of the $127.9 billion in revolving consumer loans outstanding, compared with retailers' 28% share. In 1986 alone, the banks gained 1.5 percentage points of that market, the retailers lost 1 point, according to Federal Reserve Board data.

Gasoline companies also climbed earlier than banks onto the plastic bandwagon. Competition and, because of lower oil prices, decreasing business volume has meant trouble for the petroleum marketers' credit programs.

The oil companies that extend revolving credit to consumers not only lost market share in 1986, they also lost loan assets. Gasoline revolving credit fell to $3.4 billion, or 2.6% of the market, from $4.3 billion, or 3.6% of the market, in 1985.

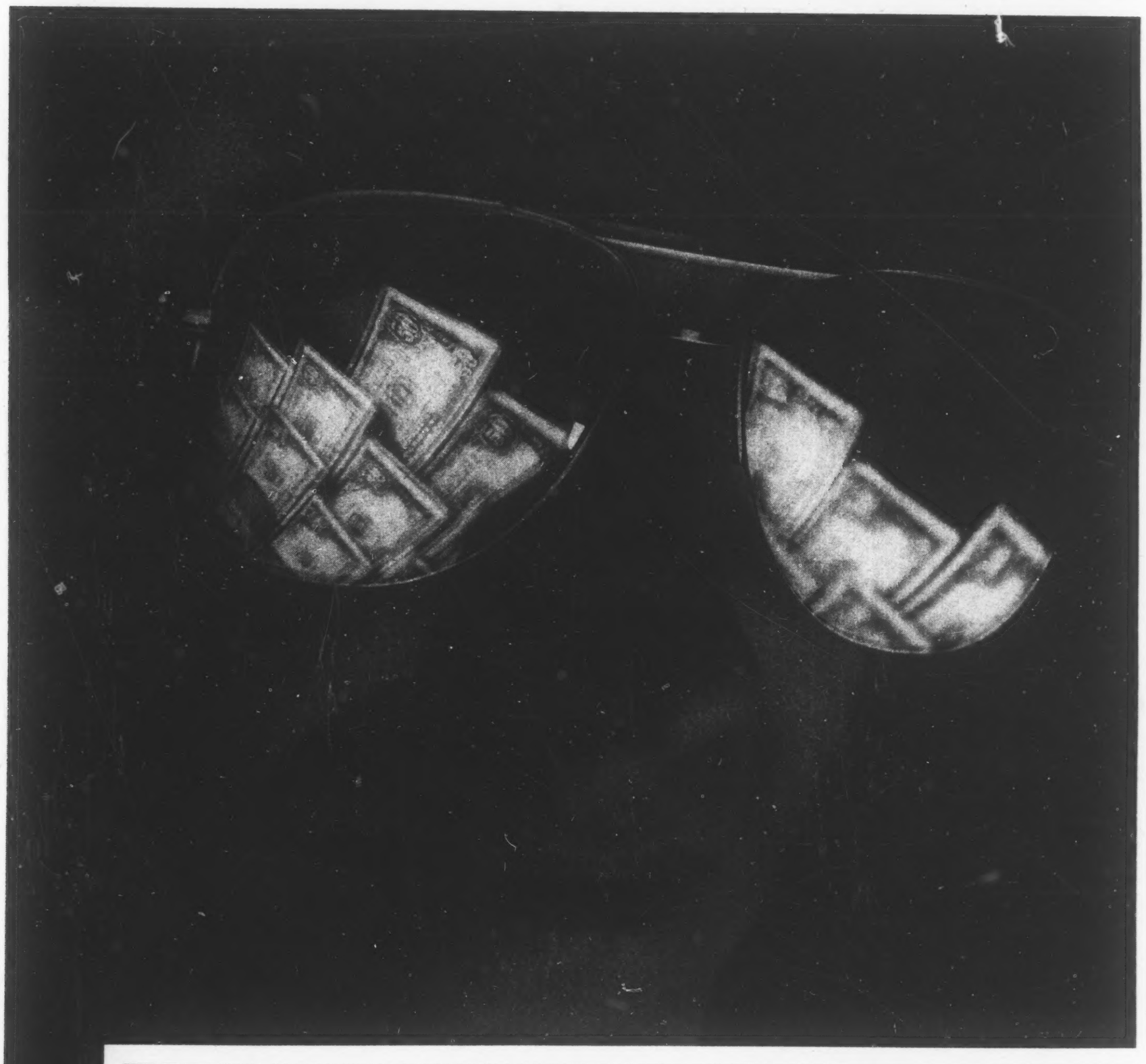
While bankers have been complaining about losing mortgage loans to insurance and automobile companies, and losing automobile loans to the auto manufacturers' captive finance companies, bankers have made the market for credit cards and other revolving loans their own at the expense of their retailing rivals.

Growth in Point-of-Sale Debit Terminals

	Mid-1986			1990 (est.)		
Merchant Type	POS Devices	Share of Total	Monthly Trans. Per Terminal	POS Devices	Share of Total	Monthly Trans. Per Terminal
Supermarket	2,249	13%	200	74,760	42%	624
Retail gas	5,536	32%	475	30,260	17%	1,764
Convenience	1,384	8%	475	12,460	7%	1,470
Fast food	nil	<1%	200	17,800	10%	400
Others*	8,131	47%	60	42,720	24%	140
Totals	**17,300**	**100%**	**243**	**178,000**	**100%**	**734**

*Includes major department stores, with 15% of terminals in 1986 and 4% in 1990.

Source: Carmody & Co.



The Debit Card Irritant

When debit cards came along, they only exacerbated banker-retailer tensions held over from the early credit card era.

Except for some local experiments in the early 1960s, notably at the Bank of Delaware and at Hempstead Bank on Long Island, the first wave of debit cards were those that banks began issuing in the late 1960s and early 1970s for cash withdrawals at automated teller machines (ATMs).

The point-of-sale debit concept remained mostly in the minds of "cashless society" futurists until 1974, when First Federal Savings & Loan Association of Lincoln, Neb., put direct-debit terminals inside Hinky Dinky supermarkets. The Hinky Dinky experiment became known more for the political furor it touched off than for any technological breakthrough. It put legislators and regulators in the quandary of deciding whether the presence of those terminals turned the supermarkets into branches, and if so, whether the branches were legal.

Meanwhile, the financial industry itself had internal strife over debit cards.

Continued on Page 18

Jeffrey Kutler is an American Banker staff writer.

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Continued from Page 16

Dee W. Hock, the visionary chief executive of BankAmericard, which changed its name to Visa in the mid-1970s, regarded debit and credit as two variations on the generic theme of "value exchange." Mr. Hock wanted Visa to be the leading value exchange system in the world, and he did not care how his member banks approached that goal.

In other words, Mr. Hock saw no reason to differentiate between debit and credit cards. Visa's electronic network would handle any transaction regardless of the account out of which payment was made.

Retailers revolted at Mr. Hock's suggestion that debit and credit cards could look exactly the same. The retailers accepted cash and checks without paying bank fees like the discounts charged on credit card transactions. They saw no reason to pay credit card-like discounts on debit cards, which were, in effect, replacements for cash or checks.

MasterCard, always eager to offer a competitive alternative, proposed a separately identified debit card, first known as Signet, then as MasterCard II.

Courtesy of Tribune Media Services Inc.

"She tried to pay by check in the express lane."

These, as well as an earlier Visa debit product called Entree, flopped in the national market.

But local and regional financial institution ATM cards proliferated, along with the machines and the interchange networks connecting them. Today there are an estimated 140 million bank ATM-debit cards in circulation — enough to form the nucleus of a national debit system if they can all be brought together in a technically workable, cohesively marketed program.

The Banks Come Together

Within the past two years, bankers have become more cooperative with each other, and more unified in their approach to a potential direct debit program whose appeal might approximate that of the universal cash and check systems.

Banking industry cooperation asserted itself in two places: an American Bankers Association (ABA) standards committee; and MasterCard and Visa's joint debit card project, which resurrected the old Entree name.

The ABA brought together MasterCard, Visa, and the Plus and Cirrus ATM networks to set technical guidelines for debit cards accepted at the point of sale. The proposed technical guidelines were published last year to wide acclaim from the banking industry.

MasterCard and Visa are currently seeking commitments from banks and regional ATM-POS networks to join Entree, which they hope to have up and running later this year. It remains to be seen whether they have smoothed over the old national-regional disagreements.

Entree sought a middle ground — Entree's logo that will be added to participating banks' ATM-debit cards, denoting their acceptance at merchants that display the same logo. There will be no single, national debit card per se — not even a single, national ATM card or service mark, which some critics complain will dilute the value of the chosen identity.

What do retailers have to say about all this? Some are cautiously optimistic, others lukewarm at best.

Most of the optimism is found in the petroleum industry, where companies such as Mobil Oil Corp., Exxon Corp., and Arco Petroleum Products Co. have installed electronic point-of-sale terminal systems. The more transactions that flow through these systems, the more cost-effective they are. So the major oil companies have struck deals to accept numerous credit and debit cards.

Some, such as Amoco Corp. and Shell Oil Co., are connecting their stations with J.C. Penney's electronic network, which allows the flexibility to accept any number of cards of different kinds if the outlets so choose.

Arco, which was so disenchanted with the costs of credit cards that it stopped accepting them after the second Arab oil embargo, has gone the debit route. In California and Nevada, more than 600 Arco stations welcome any of 18 million ATM-debit cards issued by financial institutions.

The most noteworthy supermarket debit system is Lucky Stores' E-Z Checkout in more than 300 California groceries. Lucky has spent a reported $9 million advertising its system, which accepts cards issued by the big California banks that own Interlink, a point-of-sale debit network also connected to Arco's system known as PayPoint.

Lucky has not disclosed its operating results, but officials say the system has increased sales volume and improved employee productivity.

The fast-food industry is now opening itself to debit cards, with Wendy's International Inc. outlets in Ohio and California and the Carl's Jr. chain in California taking the first steps.

Department store operators, perhaps showing scars of earlier card battles and reeling from erosion of their proprietary credit card balances, remain skeptical of debit cards. They do not like the pricing arrangements that bankers have presented them, and they resist adding PIN pads — the small keyboards where debit cardholders enter personal identification numbers — to service counters already crowded with POS hardware.

Michael Sweeney, director of corporate credit for Federated Department Stores in Cincinnati, told the recent Electronic Funds Transfer Association Expo that most Federated divisions — including Bloomingdale's, Burdine's, Filene's, and Rich's — have come around to accepting credit cards, but debit cards are a different story.

"The customer always gets what the customer wants," he said. "To date, we have not seen sufficient interest on the part of our department store customer

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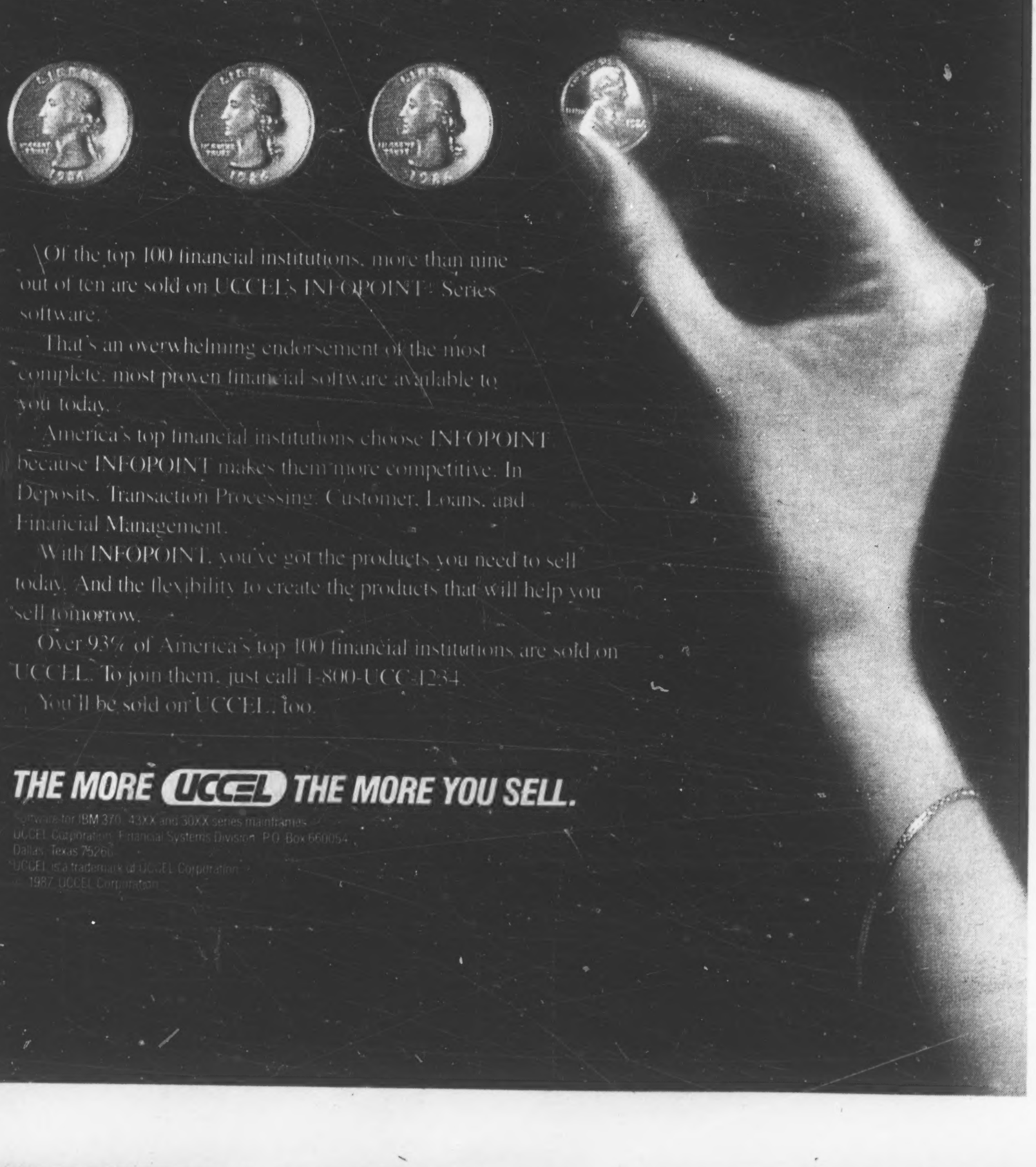

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Continued from Page 18

to warrant, to any great extent, attention to the issue of debit card acceptance.

"We have too many other things on our minds these days, such as the interest-rate issue, the impact of third-party credit cards [bank cards and American Express cards] on our sales, and bad debts."

Mr. Sweeney also complained that in a recent presentation about Entree, "I heard nothing about any input from retailers, and particularly from department stores, in the process. I don't see that systems such as Entree are going to succeed very quickly without some input from the people who are going to have to work with those systems."

Despite the progress — and there has been a lot, much of it at the retail merchants' initiatives — the two industries remain divided for political and economic reasons. Until they coalesce, debits at the point of sale will not match the success of credit cards, something they must do to be truly cost-effective. ■

TECHNOLOGY REVIEW

Grocers Make it Easier To Buy Bread and Butter

Installation of EFT systems enhances customer services and store operations.

By Bill Atkinson

DON LEWIS WHEELED his grocery cart down the check-out lane at Lucky supermarket in San Jose, Calif.

Instead of paying for his two bags of groceries with cash or a check, Mr. Lewis slipped a plastic bank card through an electronic system called E-Z Checkout. The system debits customers' accounts and makes cash withdrawals.

"I think this is great," says the 46-year-old Mr. Lewis, referring to the system. "I never bring my checkbook and I use this [system] wherever it's available."

With electronic funds transfer (EFT) systems, grocery stores like Lucky are aiming to provide more services, such as automatic approval of checks, speedier check acceptance by grocers, and the ability for customers to buy food with special plastic debit cards.

Why all the fuss about the electronic systems? Grocery store chains are trying to capture more customers by offering improved convenience services, reduce the number of bounced checks, and boost employee productivity.

EFT service "is the wave of the future," says Bob Huck, vice president of retail operations at Fry's Food and Drug Stores, a retail chain based in El Sobrante, Calif. "In time every store will have this service. At some point, stores are going to have to have this or they won't be competitive."

Fry's Food plans to install an electronic system soon in its 25 stores. Mr. Huck would not be specific about the type of system the chain will use or when equipment installation will begin.

"Any time you can give your customer more service and better service, you have a competitive advantage," he says.

Customers Indicate Success

But the key to success with the electronic systems will be customer acceptance. "This is really uncharted waters," says Virginia Miller, treasurer of Vons Grocery Co., based in El Monte, Calif.

Vons installed a test system that approved checks electronically in five stores in July 1985. The company's goal was to establish a check cashing card that customers could use throughout the Vons chain.

"We were pleased with the results" of the test system, says Ms. Miller. It accomplished improvements in check-out time. "Customer acceptance has been favorable. We have seen continued growth in the percent of transactions that are processed electronically."

After having worked out the bugs in the system, the company is gearing up to expand the system to three more stores in Burbank, Calif. It then plans to equip all of its 180 stores with the system.

"We think the [electronic balance system] concept is really a good fit for the supermarket business," Ms. Miller says. "It allows a couple of things. I think there are still a lot of our customers who like to write checks on uncollected funds. This [system] gives them two days of float. Also, I think people perceive it as a new benefit for them to make check-out [transactions] faster."

She added that the electronic check-approval system speeds up the check-out line 10 seconds per customer.

Meanwhile, Lucky Stores Inc. of Dublin, Calif., and Safeway Stores Inc. in neighboring Oakland are not about to fall behind Vons.

Safeway launched a pilot study last January in two of its stores, installing a system that electronically debits a customer's bank account.

Bill Atkinson is a reporter for the San Jose Business Journal.

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Biggest Banks Hold Dominant Position in Use of Technology

➳ Continued from Page 1

BankAmerica Corp.

Citicorp alone spent between 10% and 11% of the $8.2 billion that the entire banking industry spent on systems technology in 1985. McKinsey predicted that Citicorp's share will rise to 14%-15% of an industrywide technology budget that should exceed $17 billion in 1990.

McKinsey said that the technological gulf between big and small institutions has exacerbated the decline in small banks' profitability while leaving the bigger banks in a stronger position to compete.

"We believe that this deterioration in performance of [smaller] banks is due to the competitive weakness of the smaller banks relative to the large banks in a deregulated environment," McKinsey concluded.

McKinsey regarded technology, or lack of it, as a contributor to this deterioration, which occurred concurrently with weakness in the agriculture, petroleum, and some real estate loan markets. While this was happening, Citicorp and several other leading holding companies in effect took control of the technology market, leaving less resourceful competitors behind in the dust.

After many years in which the small banks' return on assets exceeded that of major money center and regional firms, the ROA of Salomon Brothers' 35-member "large bank universe" in 1985 equaled the .61% ROA of the nation's other 14,435 commercial banks.

Since 1979, the smaller banks' return on equity has trailed that of the Salomon group. In 1985 the big banks' ROE was 12%, almost half again as much as the rest of the industry's 8.5%.

"The divergence in economic performance between the large banks represented by the Salomon Brothers 35-bank universe and other banking institutions has been paralleled by a similar schism in effective investments in technology," the investment banking firm said. Its report was written by a team of banking analysts led by Thomas H. Hanley.

From 1981 to 1985, the 35 big banks spent $16.2 billion on computer hardware, applications development, telecommunications, and related support. The 35 outspent the more than 14,000 other banks by $2.1 billion.

Between 1986 and 1990, the big banks will spend an estimated $40 billion, Salomon said, 2.5 times their technology spending in the first half of the decade and almost double the $22.8 billion that the rest of the industry will spend in the same period.

The $8.2 billion spent by the entire industry in 1985 "represents more than 10% of total industry operating expenses of $80 billion and more than half of all estimated discretionary expenditures," Salomon Brothers said.

"Over the 1981-85 period, the 17.6% annual growth rate of systems expenses was significantly higher than the 10.5% growth rate of industrywide operating expenses," the firm added. "In our opinion, this differential in growth rates reflects a transfer of the work effort to automated systems from traditional manual processes. We expect this differential to remain constant, and to possibly even increase, over the next five years."

Concentration at the Top

As in its last small book on the subject — "Technology in Banking: A Path to Competitive Advantage," May 1985 — Salomon Brothers analyzed bank performance in a technological context.

McKinsey's data showed that technology spending is highly concentrated even within the group of 35 major institutions on Salomon's list. The 14 holding companies with at least $100 million in annual technology expenditures accounted for 51% of the entire industry's technology spending in 1985.

The analysts separated those top 14 into two groups: seven "superplayers" whose individual spending exceeds $200 million and who together accounted for 32% of total industry spending in 1985; and seven "big players" with 19% of the aggregate.

The first 13 institutions on the McKinsey-Salomon ranking were the nation's 13 biggest holding companies at the end of 1986. J.P. Morgan & Co., fourth when ranked by assets, fell into the lower tier of technology spenders, while First Interstate Bancorp, the ninth biggest in assets, earned "superplayer" status.

Norwest Corp., Minneapolis, despite its rank as the 24th largest holding company by assets, was 14th in technology spending.

Greater Performance Disparity

McKinsey characterized most of the big banks as "running well in a fast pack."

"Nevertheless, we also believe that the pattern of increasing disparity in performance shown over the past five years will continue," said the report, the principal author of which was McKinsey principal Thomas D. Steiner. "In other words, in a deregulated environment the winners will win by a greater and greater margin, and conversely the losers will fall increasingly far behind."

While it deemed banks' attention to technology essential, McKinsey urged technology managers to learn "the new rules of the road for competition in a deregulated, highly electronic environment."

The consultants warned against "overcapacity and overcompetition," which result when too many banks duplicate each other's investments in similar areas. It has already happened in international funds transfer systems, McKinsey said, affecting most money center banks.

"We believe that large banks generally, and the superplayers particularly, will need to develop new approaches to avoiding overcapacity," the report stated.

Seven companies — six of them not in the top 14 — won praise for using technology in specialized niches to increase their returns on equity. They are:

- State Street Boston Corp., which McKinsey said gets 40% of net income from services to mutual funds, credit card customers, and other data processing clients. These raised what would have been a 13% return on equity a full five percentage points, to 18.1%.
- The Bank of New York Co., whose mutual fund processing, government securities clearing, and institutional trust and custody services accounted for 30% of 1985 net income and raised ROE by about three percentage points to 14.6%.
- CoreStates Financial Corp., Philadelphia, whose Mac electronic banking network, payments clearing, and trust processing operations brought in 31% of net income and raised ROE three points to 13.4%.
- PNC Financial Corp., Pittsburgh, whose corporate cash management, corporate trust, and mortgage servicing business contributed 13% of net income and two points of a 17.3% ROE.
- First Chicago Corp., whose information products, payment systems, and remittance processing businesses produced 18% of net income, raising ROE by 150 basis points.
- First Wachovia Corp., Winston-Salem, N.C., whose student loan processing, mortgage servicing, and trust services added 7% to earnings and 1.4 points of a 19.6% ROE, highest of the 35 banks.
- Banc One Corp., Columbus, Ohio, whose check and credit card processing services added an estimated 8% to net income and one full point of a 17.3% ROE. ■

MEMORY BANK

Following are the answers to the Memory Bank Quiz on page 4.

1. Great American. (Great American Bancorp will sell its name to Great American First Savings Bank.) **May 26, page 6 : column 3.**
2. Mr. Magnani was denying parts of a story from Japan's Kyodo News Service, which reported last week that on a business trip to that nation on May 30, BankAmerica chief executive A.W. Clausen would solicit buyers for a portion of at least $1 billion in securities that BankAmerica plans to issue. **May 27, 1:4.**
3. Provident Bank of Maryland. **May 27, 20:1.**
4. Under the amendment, foreign bank operations that were grandfathered under the 1978 International Banking Act would not be permitted to expand during the bill's one-year moratorium period. **May 28, 1:2.**
5. Norwest Corp. **May 28, 2:1.**
6. Chase Manhattan Corp. **May 28, 3:1.**
7. Commercial and retail banking. **May 28, 3:2.**
8. Reuters. **May 28, 5:1.**
9. Canadian regulators do not include specific or general loss provisions in capital. **May 29, 2:3.**
10. The suspect wrote his holdup note on the back of a card from his parole officer. The card had the officer's name on it, along with the date and time of their next appointment. **May 29, 25:1.** ■

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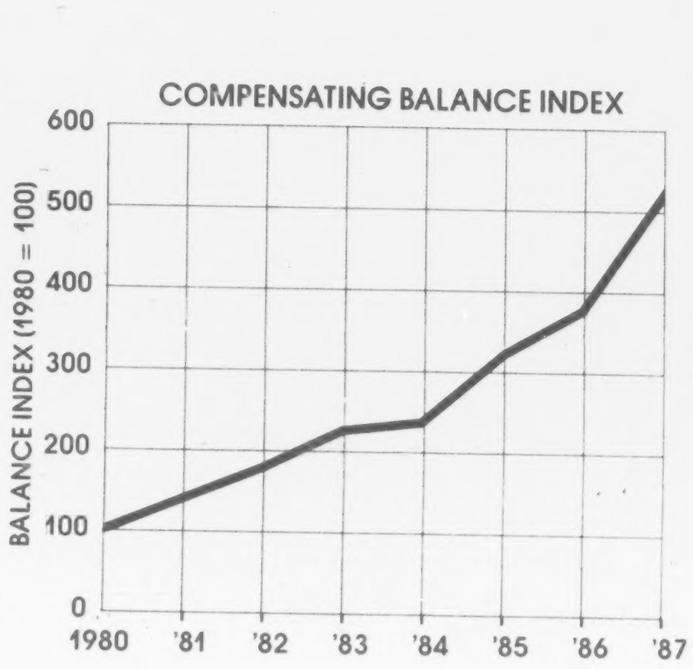

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